

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

UNSTARRED QUESTION NO:1432
ANSWERED ON:02.03.2001
SUGAR MILLS
GANGASANDRA SIDDAPPA BASAVARAJ

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the Government has been urged to ensure payment of reasonable price to sugarcane growers by sugar mills;
- (b) if so, whether number of sugar mills had been closed in various parts of the country;
- (c) if so, whether the Union Government's intervention was required to help the sugar cane growers;
- (d) whether the sugarcane growers in Karnataka, Bihar, Maharashtra and Andhra Pradesh are in great threat due to non-payment of dues by the sugar mills; and
- (e) if so, the steps taken by the Government to help these cane growers?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SREENIVASA PRASAD)

(a) The Statutory Minimum Price (SMP) of sugarcane is fixed by the Central Government for each sugar season taking into account the cost of production of sugarcane, return to the grower from the alternative crops and the general trend of price of agricultural commodities, availability to the consumer at a fair price, the price at which sugar produced from sugarcane is sold by the producers of sugar, the recovery of sugar from sugarcane etc. The SMP has been increased every season. However, most of the mills pay either the State Advised Price of sugarcane or agreed price which is much higher than the SMP.

(b) A statement showing the State-wise details of sugar mills which have remained continuously closed during the last three sugar seasons (October - September) is at Annexure.

The closure of sugar mills is attributable to a variety of factors such as inadequate cane availability, uneconomic size, old age, bad condition of plant and machinery, technical and managerial incompetence, excessive high cane price not commensurate with the sales realisation of sugar etc.

(c) The Central Government has been providing financial assistance to the sugar mills from Sugar Development Fund (SDF) under different schemes viz. modernisation/rehabilitation and cane development. Till 31.12.2000, a sum of Rs.1687.65 crores has been sanctioned for the purpose. Further, for their revival, sick sugar mills belonging to private and public sector have to make a reference to the Board for Industrial and Financial Reconstruction (BIFR) whereas the cooperative sugar mills have to approach the concerned State Governments for preparation of suitable rehabilitation scheme under the respective Cooperative Societies Act.

(d) As per the latest information received from the State Governments concerned, the cane price arrears against the cane purchased during the last 1999-2000 sugar season were as under:

Sl.No. State %age of cane price arrears of Position as on
the total price payable

1. Karnataka 6.13 12.12.2000

2. Bihar 2.26 15.10.2000

3. Maharashtra 0.59 11.12.2000

4. Andhra Pradesh 0.02 30.11.2000

(e) The Central Government have taken the following measures to enable sugar factories to improve their financial health so that cane price payment is made promptly and arrears are reduced/liquidated at the earliest.

1. Levy obligation of sugar mills has been reduced from 40% to 30% w.e.f. 1.1.2000 and again to 15% w.e.f. 1.2.2001.
2. Custom duty has been increased to 60% w.e.f. 9.2.2000 on the imported sugar along with existing countervailing duty of Rs. 850 per tonne so as to restrict inflow of sugar in the country.
3. Pursuing a policy of encouraging stability and reasonable level of sugar prices in the domestic market through judicious releases of freesale sugar quotas.
4. Advance releases of freesale sugar to needy sugar mills are being given to enable them to clear cane price dues of the farmers.
5. Export of 10 lakh tonnes of sugar has been permitted.
6. An amendment in the Sugarcane (Control) Order, 1966 w.e.f. 29.11.2000 has been made giving more powers to the Central Government and the State Governments for recovery of sugarcane dues treating it to be the dues of land revenue.
7. As the responsibility of cane price payment lies primarily with the State Governments, from time to time State Governments have been impressed upon to ensure timely payment of cane prices.

ANNEXURE

ANNEXURE REFERRED TO IN REPLY TO PART (b) OF UNSTARRED QUESTION NO. 1432 FOR ANSWER IN NORTH
SABHA ON 02-03-2001.

STATEMENT SHOWING THE STATEWISE SUGAR FACTORIES WHICH CONTINUOUSLY REMAINED CLOSED IN 1998-99 & 1999-2000 SUGAR SEASONS (OCT-SEPT)

Sl.No. Name of State/Factory

PUNJAB

1. Budhlada

U.P.

2. Gauribazar

3. Anandnagar

M.P.

4. Dalauda

5. Mehidpur

GUJARAT

6. Amod

7. Dhoraji

MAHARASHTRA

8. Dongarkada
9. Sanjay
10. Dhamangaon
11. Mauda
12. Sindkheda
13. Girna
14. Changdeo

BIHAR

15. Ryam
16. Lohat
17. Sakri
18. Samastipur
19. Banmankhi
20. Lauriya
21. Sugauli
22. Motipur
23. Mirganj
24. Siwan